



February 2003

Discussion Paper for the 2004 Master Plan: Tuition and Financial Aid

This discussion paper provides a context for considering Washington State's tuition and financial aid policies and the influence these components have on who attends college. Specifically, the paper:

- Reviews the Board's policies on tuition and financial aid;
- Suggests measurements that could be used to assess the outcomes of these policies;
- Discusses the linkage between tuition policy and financial aid;
- Reviews the financial aid available to Washington citizens; and
- Outlines emerging financial aid issues and considerations.

State tuition and financial aid policies address several questions of public concern:

- What portion of higher education costs should be a student and family responsibility, and what portion should be the state's responsibility?
- What financial aid commitments should the state make to students and families who lack the means to meet the full price of a college education?
- And finally, in the face of steeply rising higher education costs and ever-increasing demands on the state treasury, how does the state ensure that higher education will continue to be affordable for all who can benefit from it?

I. Board Policy on Tuition and Financial Aid

A. TUITION POLICY

History

Between 1977 and 1995, state law established tuition rates as a percentage of the cost of instruction. Under this "cost-sharing" approach, the student contributed a portion of the cost and the state provided the remainder. Cost-sharing assumes that both the student and society benefit from having an educated and productive citizenry. A Carnegie Commission study determined that, nationally, tuition covered 24 percent of the cost of instruction at public higher education institutions. The Commission recommended that this proportion be increased to 33 percent within 10 years.

From 1981-82 through 1992-93, resident undergraduate tuition was 33.3 percent of the cost of instruction at the research universities, 25 percent at the comprehensive universities, and 23 percent at the community colleges. These percentages were raised in the 1993-94 and 1994-95 academic years.

Since the 1995-96 academic year, the Legislature and Governor have set or capped tuition in statute or in the state operating budget. For six years, the specific tuition increase rates were around 4 percent per year. The Board's 2000 Master Plan and 2001-03 budget recommendations urged linking future increases in tuition at public colleges and universities to changes in state per capita personal income. While not adopted as state policy, the tuition increases set by the Legislature in the late 1990s were close to the increase in per capita personal income in Washington.

In 2001-02, the maximum tuition increase for resident undergraduates was set at 6.7 percent. In 2002-03, the maximums for resident undergraduate tuition increases were 16 percent at the research universities, 14 percent at the comprehensive institutions, and 12 percent at the community and technical colleges. The institutions set tuition rates for non-residents and graduate/professional school students. The 2002-03 tuition rate increases were designed to back-fill cuts in state support for higher education.

For the 2003-05 Biennium, the Governor has proposed that resident undergraduate tuition be increased 9 percent per year and that institutions set tuition rates for non-residents and graduate/professional school students. State support for higher education is also reduced by the amount that a 9 percent tuition per year tuition increase would raise.

Current Board Tuition Policy

The current HECB policy adopted in January 2002 (Resolution No. 02-01) (Appendix A) has several parts:

- The HECB recommends that the state examine all possible sources of funding – including the possible restructuring or expansion of the state's tax system – to find the means necessary to preserve its financial commitment to public higher education through a permanent and dedicated funding source.
- ***The HECB recommends to the Governor and the Legislature that the governing boards of Washington's public colleges and universities be given tuition-setting authority.***
- Because this recommendation represents a significant change in the state's long-term tuition policy, it should be accompanied by the following actions:
 - That the governing boards preserve the long-standing state policy of affordable and predictable tuition for all citizens and develop a public process for setting tuition that provides for comment from the Governor, Legislature, HECB, students and the public;

- That the governing boards of the public colleges and universities, while recognizing that their students will continue to utilize federal and state financial aid programs, ensure that institutional financial aid be available and increased at a rate compatible with tuition increases;
- That the state maintain a baseline of overall funding support and meet its responsibility to fund projected enrollment increases and state financial aid and scholarship programs, including the increases necessary to ensure students are not deprived of access to higher education due to increases in tuition;
- That in addition to providing the funds for financial aid programs to reflect tuition increases, the state also consider improvements in other student assistance programs, such as establishing the Washington Promise Scholarship as a four-year, richer scholarship for students of merit;
- That the state provide adequate funding to expand enrollment so colleges and universities are not required to over-enroll to provide needed access to students;
- That Washington public colleges and universities meet the increasing demands and needs of citizens while maintaining accessibility for all citizens so they may achieve their higher education goals;
- That public colleges and universities continue to seek ways to be more efficient and effective with their resources;
- That the public colleges and universities determine how changes in tuition affect the demographic and socioeconomic composition of the student body; and
- That the Board join with the Governor’s Office, the Legislature and the institutions of higher education to further study the relationships between policies of state support, tuition and financial aid.

B. FINANCIAL AID POLICY

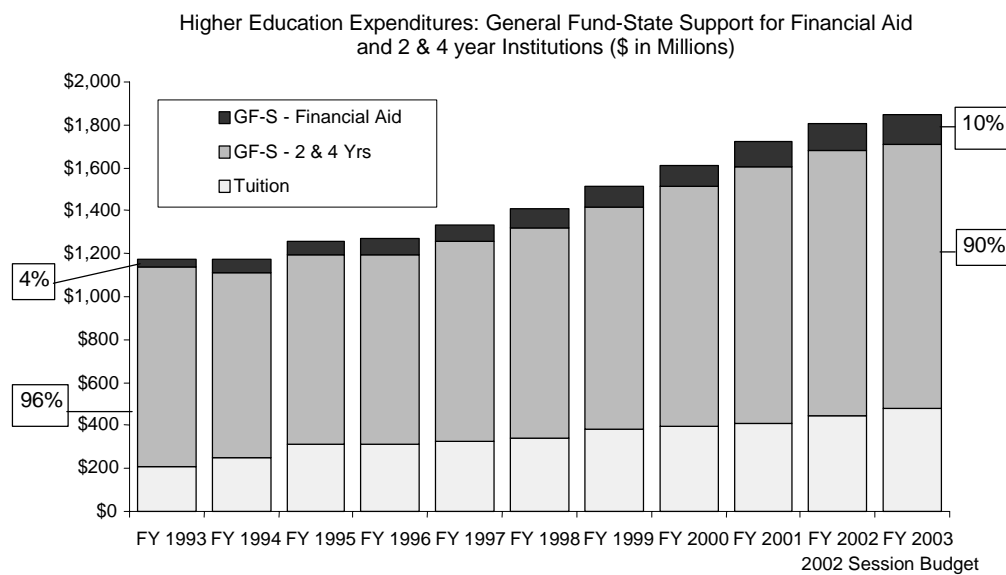
History

Washington State has a longstanding and consistent commitment to the support of financial aid programs, which have made college possible for thousands of students. The Legislature recognizes that many students do not have sufficient personal resources to pay for tuition, books, and living costs.¹ The depth of this commitment is demonstrated through statutory language. RCW 28B.10.786 states that “...financial need [should] not be a barrier to participation in higher education.”

¹ According to budget guidelines adopted by the Washington Financial Aid Association, 2002-03 academic year, tuition, books, and living expenses for students living on-campus or sharing an apartment will cost an estimated \$11,558 at a community/technical college, \$12,983 at a public comprehensive university, and \$14,065 at a public research university. The U.S. Department of Education estimates that a typical family of four, with assets in the range of \$25,000 to \$50,000, would have to earn \$80,000 to \$90,000 per year to cover these costs from current income.

Tuition policy and state support for financial aid are closely linked. RCW 28B.15.065 states, “It is the intent of the legislature that needy students not be deprived of access to higher education due to increases in educational costs or consequent increases in tuition and fees.” Since adopting that statutory intent statement in 1977, the Legislature has consistently increased funding for financial aid to protect the lowest-income students from the effects of tuition increases.

The Proportion of State Funding for Financial Aid Has Increased in Response to Tuition Increases



Source: House Office of Program Research. LEAP Expenditure Data, Winsum Reporting System

The policy framework for state financial aid programs is established in RCW 28B.10. Specifically:

- The Higher Education Coordinating Board is charged with coordinating all existing programs of financial aid, except those dedicated to a particular institution by the donor.
- State programs should complement the larger federal financial aid programs and be coordinated with other federal and institutional financial aid programs to ensure the best use of resources.
- State financial aid should be “packaged” with other sources of assistance, and cannot exceed a recipient’s financial need.
- The Board is charged with ensuring that state programs allow students to attend the eligible institution of their choice.
- Student recipients must be enrolled in a program leading to a degree or certificate from a participating college or university, and maintain satisfactory progress toward program completion.

Current Board Financial Aid Policy

The Board is committed to the policy objectives of the Legislature as established in statute. Additionally, the Board remains committed to:

- Providing State Need Grants equal to full public tuition to students with family incomes of up to 65 percent of the state median, with a focus on serving the neediest students first;
- Providing Promise Scholarships equal to full community and technical college tuition for currently eligible students; and
- Supporting the variety of state financial aid programs and the multiple public purposes they serve.

II. Tuition and Financial Aid Policy: Assessment and Accountability

The Board’s policies on tuition and financial aid are dependent on actions of the state and the institutions. How could the effectiveness of these policies be measured?

The Board’s policies on tuition and financial aid require the state and the institutions to take certain actions to ensure the continued affordability and accessibility of Washington public higher education. If the governing boards are to set tuition, the governing boards and the state must be held accountable. Below are some suggested measures to determine whether institutions and the state are performing in the public interest.

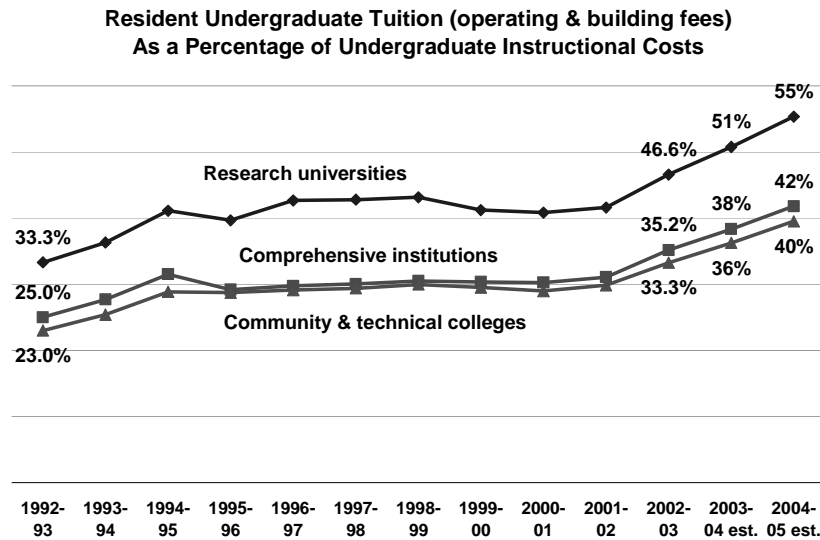
A. AFFORDABLE AND PREDICTABLE TUITION

The HECB requested that *“the governing boards preserve the long-standing state policy of affordable and predictable tuition for all citizens and develop a public process for setting tuition that provides for comment from the Governor, Legislature, HECB, students and the public;”*

This can be monitored by:

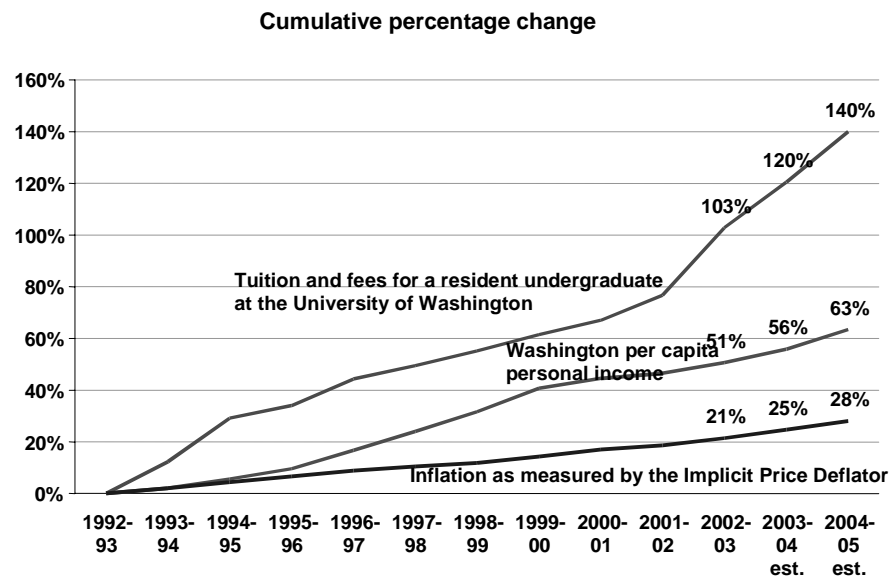
1. Examining tuition as a share of the cost of instruction;
2. Comparing tuition increases to increases in Washington per capita personal income;
3. Comparing tuition and tuition increases at Washington institutions to those at peer institutions; and
4. Requiring institutions to develop a planned process for public input.

1. Examining tuition as a share of the cost of instruction



For 18 years, tuition was set as a percent of the cost of providing instruction under a “cost sharing” approach between students/families and the state. While no longer state policy, tuition as a percent of the cost of instruction is still monitored. At a research university this share has gone from one-third in the early 1990s to 46.6 percent today. The Governor’s proposal for the 2003-05 Biennium includes annual tuition increases of 9 percent and reductions in state support, raising the student/family share to 55 percent.

2. Comparing tuition increases to increases in Washington per capita income (and inflation)



In the early 1990s, tuition increased faster than per capita income. From 1995-96 to 2001-02, it grew at about the same rate as per capita personal income. Over the past 10 years, tuition has increased over 100 percent while income has grown 51 percent and inflation has increased by 21 percent. If the Governor’s proposal for the 2003-05 Biennium were adopted, tuition will have increased 140 percent since 1992-93 while incomes will have grown 63 percent.

3. Comparing tuition and tuition increases at Washington institutions to those at peer institutions

Generally, Washington's resident undergraduate tuition rates are lower than those at similar types of institutions in other states. However, the rate of increase over the past several years has been higher in Washington than in the other states.

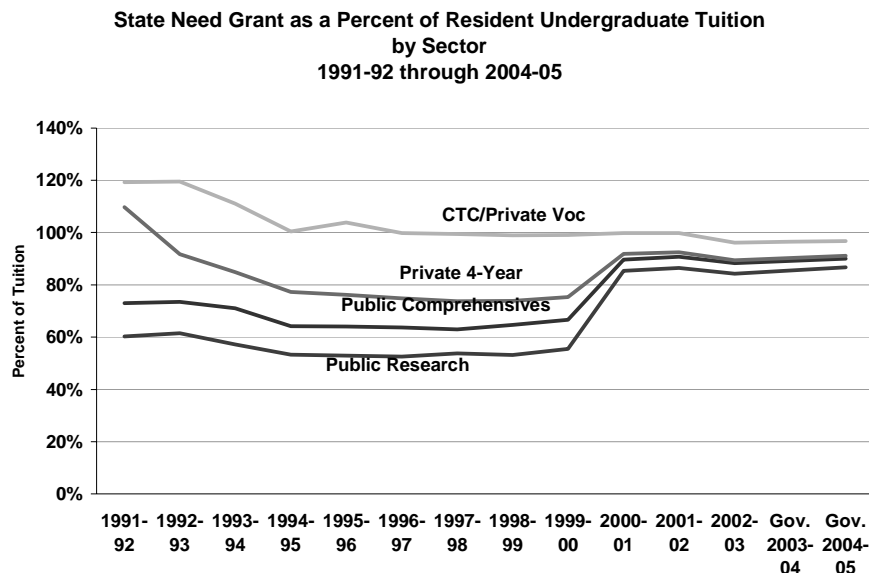
B. FINANCIAL AID INCREASES COMPARED TO TUITION INCREASES

The HECB requested “that the state maintain and increase state financial aid and scholarship programs to ensure that students are not deprived of access to higher education due to increases in tuition.” The Board also wanted institutions to ensure “that financial aid be available and increased at a rate compatible with tuition increases.”

This can be assessed by looking at financial aid awards compared to tuition. Specifically:

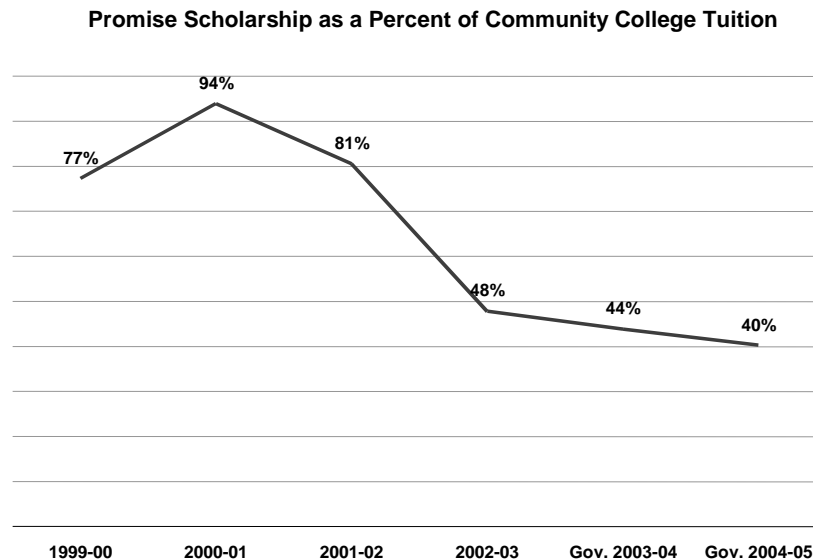
1. Whether State Need Grant awards are increasing with tuition increases;
2. Whether Promise Scholarship awards are increasing with community college tuition;
3. Whether other state aid programs are keeping pace with tuition increases; and
4. Whether institutional financial aid for needy students is growing at rates compatible with tuition increases.

1. Assessing whether State Need Grant awards are increasing with tuition increases



The target for the State Need Grant program is to provide awards equal to full tuition in each sector. The state made great progress in reaching this target in 2000-01, but lost ground in 2002-03.

2. Assessing whether Promise Scholarship awards are increasing with community college tuition



The maximum Promise Scholarship can be equal to tuition at the community colleges. In 2000-01, it equaled 94 percent of the maximum; in 2002-03 it fell to 48 percent.

3. Assessing whether other state aid programs are keeping pace with tuition increases.

The Board also can review other aid programs, such as State Work Study, Educational Opportunity Grant, Washington Scholars, and Washington Award for Vocational Excellence, to determine if the value of the awards is keeping pace with tuition increases.

4. Assessing whether institutional financial aid for needy students is growing at rates compatible with tuition increases

The institutions report to the HECB on the amount of need-based financial aid granted to needy students. In 2001-02, the average amount of institutional grants, scholarships and waivers provided to students receiving need-based financial aid was \$571 at the public four-year colleges and universities and \$126 at the community and technical colleges.

C. STATE FUNDING

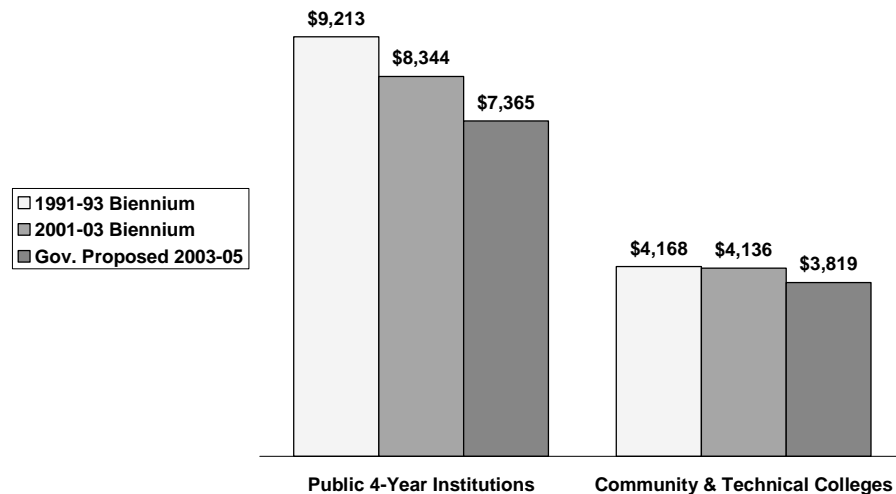
The HECB requested “*that the state maintain a baseline of overall funding support for higher education.*”

This can be monitored by:

1. Examining state funding per student over time; and
2. Comparing state funding per student at Washington institutions to funding at peer institutions.

1. Examining state funding per student over time

**State General Fund Appropriations per Budgeted FTE Student
Adjusted for Inflation (2001-03 dollars)**



Since the 1991-93 Biennium, state funding per student has declined from \$9,213 per student at the public four-year institutions, to \$8,344 after adjusting for inflation. At the community and technical colleges, the decline has been less, going from \$4,168 to \$4,136 over the same time period. Under the Governor's proposed budget for the 2003-05 Biennium, state funding per student would continue to decline – another 12 percent at the public four-year colleges and universities, and another 8 percent at the community and technical colleges.

2. Comparing state funding per student at Washington institutions to funding at peer institutions

State funding per student in Washington is significantly below state funding at comparable institutions in other states.

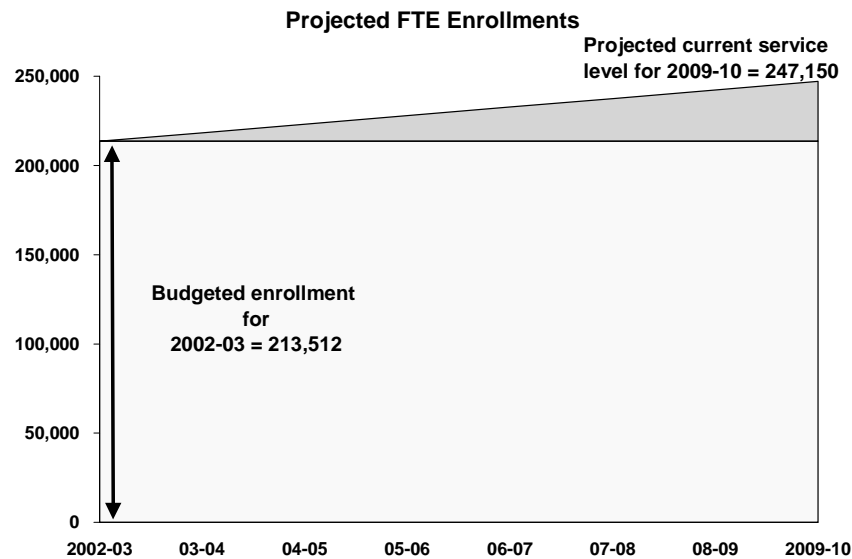
D. ENROLLMENT PRESSURES

The HECB requested “that Washington public colleges and universities meet the increasing demands and needs of citizens while maintaining accessibility for all citizens so they may achieve their higher education goals.” And further “that the state provide adequate funding to expand enrollment so colleges and universities are not required to over-enroll to provide needed access to students.”

This can be evaluated by:

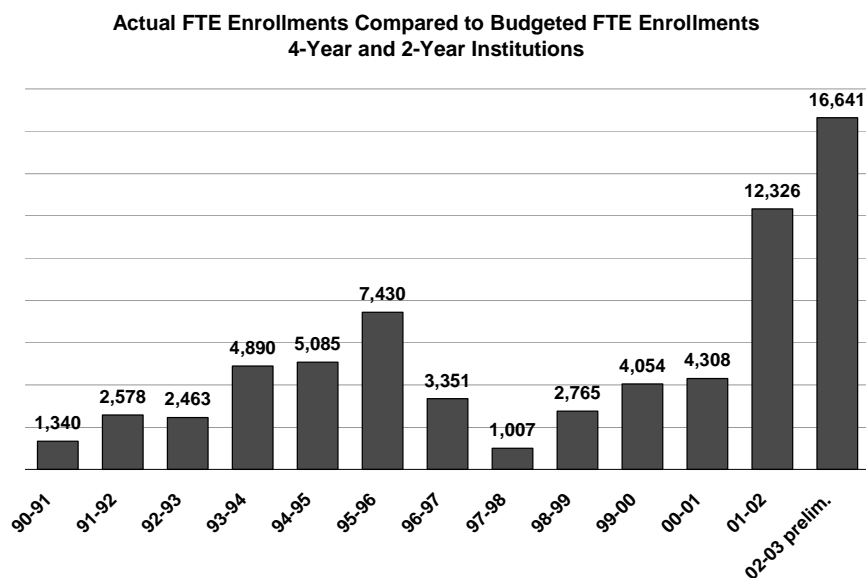
1. Comparing “participation rate forecasts” and other information that attempts to predict future demand for higher education to actual budgeted enrollments; and
2. Comparing actual enrollments to budgeted enrollments to assess whether the state is funding enrollment increases.

1. Comparing “participation rate forecasts” to actual budgeted enrollments



To maintain the “current service level,” the state would need to fund 33,600 additional full-time student slots (FTEs) at the public colleges and universities between now and 2010.

2. Comparing actual enrollments to budgeted enrollments



In the current academic year, the public colleges and universities in this state are predicted to enroll 16,600 more students than were budgeted by the Legislature.

E. EFFICIENCY AND EFFECTIVENESS

The HECB requested “*that public colleges and universities continue to seek ways to be more efficient and effective with their resources.*”

This can be evaluated by:

1. Continuing to monitor the existing institutional accountability measures; and by
2. Improving the collection and coordination of student performance data to measure and assess institutional productivity.

1. Monitoring existing accountability measures

In 1997, the HECB implemented an accountability system in consultation with the public four-year institutions, tying resources to plans and performance. Institutions prepare plans to achieve measurable and specific improvement each academic year as part of a continuing effort to make meaningful and substantial progress toward long-term performance goals. Each institution is required to report on a total of six measures:

- 1) Graduation efficiency (freshmen)
- 2) Graduation efficiency (transfers)
- 3) Undergraduate retention
- 4) Five-year freshman graduation rate
- 5) Faculty productivity (which can be measured differently by each institution)
- 6) A unique measure for each institution, reflective of its mission

The first four measures are common to all the institutions and are reported below. Graduation efficiency is calculated by dividing the total number of credits required for a bachelor’s degree (minus transfer credits) by the total number of credits completed at that institution. This calculation gives a measure of “efficiency” in terms of credits completed, rather than in terms of calendar time to degree, which can be skewed by part-time attendance. Retention rates refer to the number of undergraduate students who return for consecutive years.

Accountability			
	1996-99 Baseline	2001-02 Performance	2001-03 Target
Graduation Efficiency: Freshman			
UW	89.6	90.5	93.2
WSU	90.0	89.9	91.5
CWU	88.0	92.3	90.0
EWU	87.9	89.1	91.0
TESC	93.0	92.0	94.0
WWU	86.6	86.9	87.0
Graduation Efficiency: Transfers			
UW	81.7	82.7	87.0
WSU	81.0	83.0	83.6
CWU	83.8	89.2	85.0
EWU	77.9	78.7	83.1
TESC	90.0	90.0	90.0
WWU	80.5	79.5	82.0
Undergraduate Retention (overall)			
UW	87.2%	88.5%	92.4%
WSU	84.4%	86.1%	86.4%
CWU	80.5%	82.0%	84.0%
EWU	88.5%	85.8%	89.2%
TESC	76.0%	80.0%	78.0%
WWU	85.5%	88.4%	86.0%
5-Year Freshman Graduation Rate			
UW	63.8%	64.8%	65.0%
WSU	53.8%	53.8%	55.9%
CWU	39.4%	45.7%	45.0%
EWU	41.7%	39.5%	49.0%
TESC	45.0%	47.0%	46.0%
WWU	54.0%	54.5%	54.0%

2. Coordinating and expanding the collection of student performance data

If Washington is to effectively evaluate the effectiveness and efficiency of its public colleges and universities, access to student performance data must be improved. Currently data are collected by multiple agencies and not easily accessed for analysis. Data collection should be expanded to include student level performance data such as degrees granted, credits taken, student mobility, and post enrollment employment. This could be facilitated through a data consortium comprised of the four-year institutions, the community and technical colleges, OFM, and the Higher Education Coordinating Board. The data system should be designed to leverage existing systems to the highest degree possible.

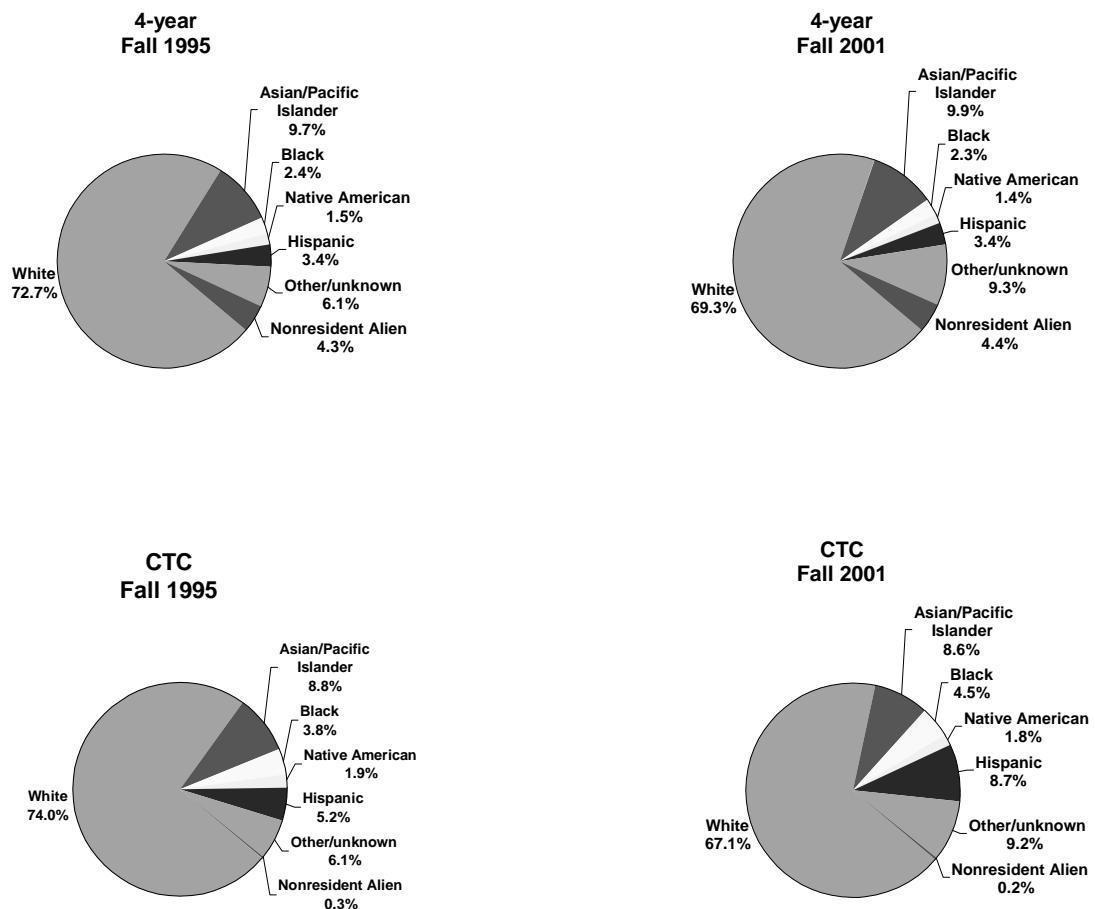
F. DEMOGRAPHICS AND SOCIOECONOMIC COMPOSITION OF THE STUDENT BODY

The HECB requested “that the public colleges and universities determine how tuition affects the demographic and socioeconomic composition of the student body.”

This can be monitored by:

- Reviewing the race/ethnicity mix of the student body over time; and
- Reviewing the percentage of lower-income students attending higher education.

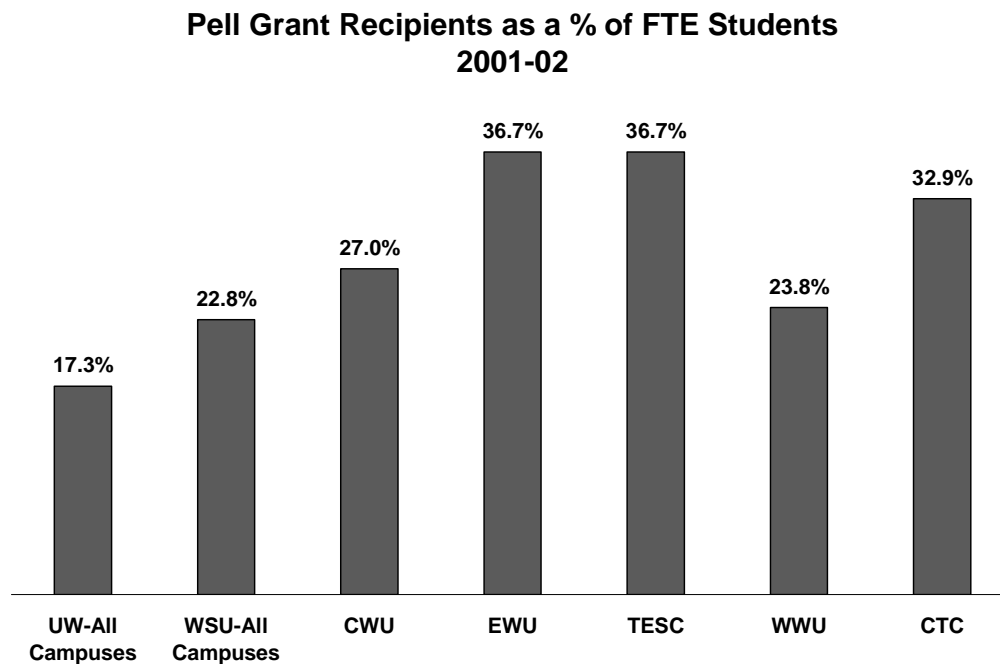
1. Reviewing the race/ethnicity mix of the student body over time



At the public four-year institutions, white students represented 69.3 percent of the student body in 2001 – down from 72.7 percent in 1995. Students classified as “other/unknown” represented 9.3 percent – up from 6.1 percent. Students in other categories remained relatively unchanged.

At the community and technical colleges, white students were 67.1 percent of the student body in 2001 – down from 74 percent. Hispanic students have gone from 5.2 percent to 8.8 percent of the student body; “other/unknown” students have increased from 6.1 percent to 9.2 percent; and black students have increased from 3.8 percent to 4.5 percent.

2. Reviewing the percentage of lower-income students attending higher education



Pell Grant eligibility standards have been more stable over time than eligibility standards for the state Need Grant. Thus it can be used as an indicator of the share of “needy” students attending a university or college. In 2001-02 the share of needy students ranged from nearly 37 percent at Eastern Washington University and The Evergreen State College to 17 percent at the University of Washington.

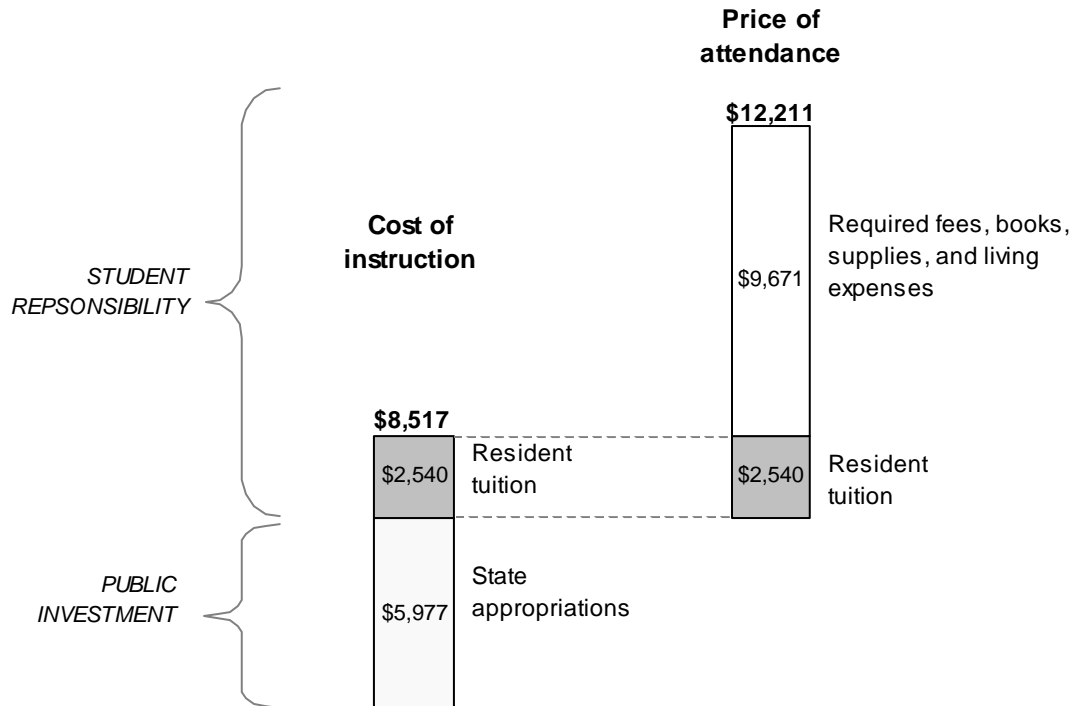
III. Linkage between Tuition Policy and Financial Aid

Washington State has a long tradition of making college generally affordable to residents through state appropriations to public colleges and universities and direct aid to individual students. These state investments substantially reduce the amount students and their families must pay to attend college.

The following chart illustrates the relationship of tuition to state appropriations and the price of attendance.

Tuition Influences the State's Investment in Higher Education and the Price Students Must Pay to Attend

(Average annual per-student state support, tuition, required fees and expenses for 2001-02 resident undergraduate students at the comprehensive universities)



The *cost of instruction* is the sum of direct and indirect costs of an institution related to instruction on a per student basis.

The *price of attendance* includes tuition, required fees, books, supplies, and living expenses that are a student's responsibility in financing a higher education.

Resident tuition includes the operating fee only.

For Washington resident students, tuition payments and state appropriations combine to meet the full cost of instruction for each student. The cost of instruction is defined as the sum of direct and indirect costs of an institution related to instruction on a per student basis. Thus taxpayers cover a significant portion of the cost of instruction for each resident student.

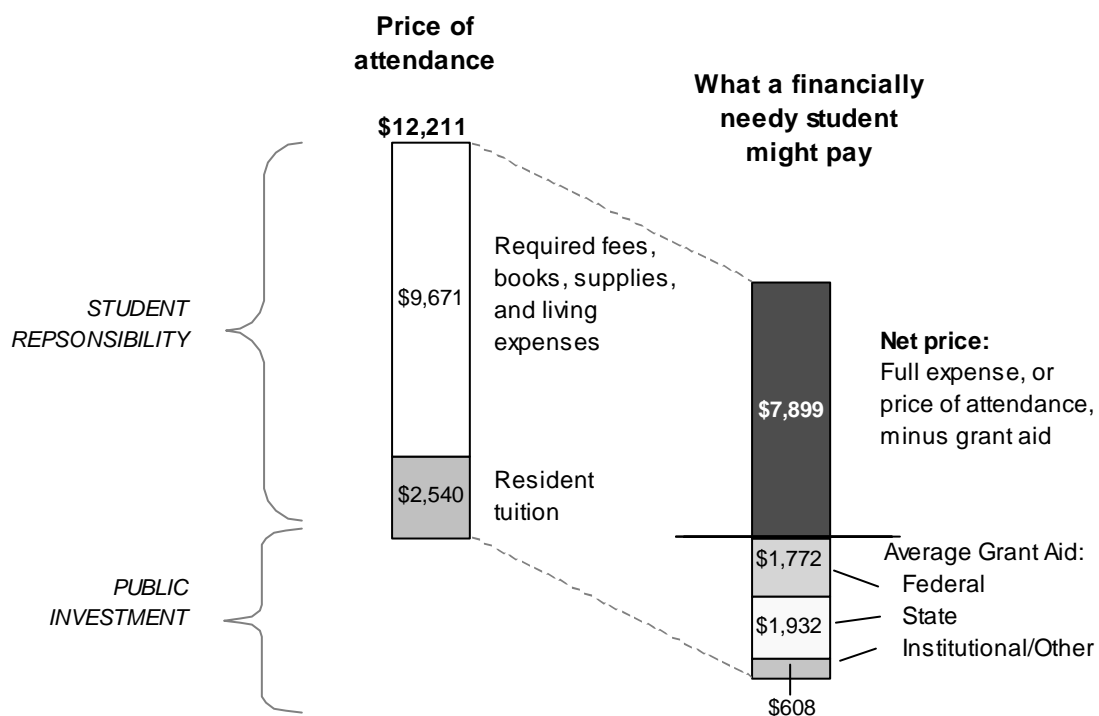
Tuition is only part of the total price of attendance all resident students must meet to go to college. Tuition represents only part of the higher education expenses students must meet. Students are also responsible for required fees, books, supplies, room, board, transportation, and personal needs. These expenses, combined with tuition, make up the price of attendance.

Financial aid is another state investment to keep higher education affordable for needy students. State-supported tuition is available to all Washington residents who enroll in public colleges and universities, without regard to income or financial need. Even with state-supported tuition, however, many students and families do not have enough resources to pay for tuition and the other required expenses that make up the price of attendance. Therefore, the state also provides financial aid to needy students attending both public and private colleges and universities. Financial aid helps families meet the full price of attendance after they have contributed everything they can.

The following chart illustrates how financial aid helps a typical financially needy student meet the price of a college education.

Financial Aid Helps Needy Students Meet the Full Price of Higher Education

(Average annual student price of attendance, grant aid, and net price for 2001-02 undergraduate resident grant recipients at the comprehensive universities)



The *price of attendance* includes tuition, required fees, books, supplies, and living expenses that are a student's responsibility in financing a higher education.

The *net price* is what students must pay after grant and scholarship aid is subtracted from the price paid to attend college. Students and families may meet the net price through work, savings, and loans. Financial aid awards can include loans and work-study awards to help students meet the net price.

The price of attendance is especially burdensome for needy students, and the situation has worsened over the past 23 years. The price of a college education has long represented a much larger portion of family income for low-income students than for middle- and upper-income students. National studies show that the high price of attendance leads to reduced aspirations and reduced attendance, especially among low-income students.

As the following table shows, the price of a college education at a public research university represented over 38 percent of family income for Washington's lowest-income families in 1999-2000 compared to about 15 percent for the highest-income families. In addition, the price of attendance at a public research university as a share of family income has grown faster for the lowest-income families (6 percent) than for the highest-income families (1.5 percent) between 1979 and 1999. In 1999, families in the 25th percentile earned \$32,163 compared to \$53,760 for families in the 50th percentile (median family income) and \$83,710 for families in the 75th percentile.

Price of Attendance as a Percentage of Family Income
Washington State, 1979-80 through 1999-2000

		1979-80	1989-90	1999-2000
Public Research Universities	25th Percentile of Family Income	32.3%	35.2%	38.3%
	Median Family Income	19.4%	21.2%	22.9%
	75 th Percentile of Family Income	13.2%	14.2%	14.7%
Public Comprehensive Four-Year Colleges and Universities	25th Percentile of Family Income	31.8%	33.8%	35.9%
	Median Family Income	19.1%	20.3%	21.5%
	75 th Percentile of Family Income	12.9%	13.7%	13.8%
Community and Technical Colleges	25th Percentile of Family Income	29.4%	30.6%	32.3%
	Median Family Income	17.7%	18.4%	19.3%
	75 th Percentile of Family Income	12.0%	12.4%	12.4%
High Cost Private Four-Year Colleges	25th Percentile of Family Income	57.1%	75.7%	92.4%
	Median Family Income	34.3%	45.5%	55.3%
	75 th Percentile of Family Income	23.2%	30.6%	35.5%

Source: U.S. Census Bureau, Higher Education Coordinating Board, Washington Financial Aid Association

Even with state-supported resident tuition, thousands of low-income students would not be able to go to college without financial aid. The price of attendance was prohibitive 23 years ago; it is even more so today.

IV. Financial Aid Programs for Washington Students

Financial Aid Recipients

During the 2001-02 academic year, nearly 119,000 students attending Washington colleges and universities relied on some amount of need-based financial assistance. Each of these students was determined, through a nationally-standardized application process, to be unable to pay for some or all college costs. Some of these aided students required only a small amount of assistance – a loan to help with cash flow, or a part-time job. Others needed a full complement of grants, work study, and loans. About 50,000 students had incomes low enough (\$33,500 for a family of four) to qualify for a Washington State Need Grant.

Types of Financial Aid

Need-based student financial aid is awarded through three types of programs: grants, work study, and loans.

Grants (and Scholarships)

Aid that does not have to be repaid. Grants usually are awarded on the basis of financial need alone, while scholarships may carry additional stipulations, such as academic merit or specific career objectives. Most grants are limited to undergraduates and nearly all are awarded to students with substantial financial need.

The state has played a critical role in providing grant assistance, most notably through the State Need Grant program. Support for this program has been particularly important for Washington's lowest-income students, as federal support for student aid has shifted heavily away from grants and toward loans. Grants provide a critical foundation of support for students with limited family resources and are viewed by students as the "best" financial aid. However, research indicates that grants are most effective in promoting persistence when combined with work study and loans.

Work Study

Students earn a part of their financial aid. Both the federal government and Washington State sponsor work study programs which promote the employment of needy students by reimbursing employers for a significant portion of student wages. The state program offers the added advantage of employment that is related, wherever possible, to the student's field of study. Both programs have limited funding.

In addition to helping students pay for college and providing on-the-job experience, national and state research shows that financial aid recipients who participate in work study do better in school and are more likely to complete their education program.

However, the price of college has outpaced the ability of students to work their way through college.

**A Full-time Student With No Other Resources
Would Have to Work More Than Full Time, All Year,
or Earn Much More Than the Minimum Wage
to Pay for College Costs by Working***

	Hours of Work per Week at Minimum Wage	<u>OR</u>	Hourly Pay Rate Required
Community/Technical College	41		\$10.59
Public Comprehensive University	45		\$11.63
Public Research University	49		\$12.42
Independent College or University	89		\$22.86

**Assumptions:*

- *College Costs: 12-month living allowance for one person living away from home; 9-month tuition and books. Based on Washington Financial Aid Association student budget guidelines*
- *Minimum Wage: \$7.01 per hour. No deduction for social security or other withholdings*
- *Hours of Work per Week at Minimum Wage: Assumes 2 weeks' vacation; year-round employment*
- *Hourly Pay Rate Required: Assumes 12-month living allowance, 9-month tuition and books; full-time work during summer and academic-year breaks, 19 hours per week while classes are in session*

Since costs are less for a student who can live with his or her parents during the summer and academic year, these students would have to work fewer hours to pay for college costs. However, they still would have to work $\frac{3}{4}$ time year-round to cover the price of attending a community college and approximately full-time to pay for a four-year public institution.

The numbers are even more startling for students who cannot save money from summer employment (perhaps due to subsistence needs of their dependents, or because they cannot find a full-time job, etc.). In order to pay for college costs entirely by working during the academic year, a student would have to work many more hours per week, or earn a much higher hourly pay rate.

There is a sizable gap between the price of attendance and the amount that can be earned – even by working year-around and using all earnings to help pay for college.

**There is a Large Gap Between the Price of Attendance
and the Amount that can be Earned**

Community/Technical College	\$ 4,906
Public Comprehensive University	\$ 6,331
Public Research University	\$ 7,413
Independent College or University	\$21,712

While few students can earn enough to cover the full price of college by working during the academic-year, wages earned through work study and other student employment are an important resource for financial aid recipients. In addition to other benefits gained through work experience, student earnings help reduce the amount financial aid recipients would otherwise have to borrow.

Loans

Loans are offered to students with the understanding that they will be paid back in full (with interest) by a specified future date, although repayment generally does not begin until the student has terminated his or her education. Student loans comprise more than half of the financial aid awarded to needy Washington financial aid recipients.

More than 63 percent of students who received need-based aid in the 2001-02 academic year borrowed from a student loan program. The distribution of borrowers by the type of college attended, and the average amount borrowed in 2001-02 is shown below.

Nearly Two-thirds of the Financial Aid Recipients in the 2001-02 Academic Year Borrowed From a Student Loan Program

Sector	% of Need-Based Aid Recipients Who Borrowed	Average Amount Borrowed for the 2001-02 Academic Year	
		<u>Undergraduate</u>	<u>Graduate</u>
Community Technical College	31%	\$3,520	—
Public Comprehensive University	86%	\$5,920	\$11,201
Public Research University	86%	\$6,170	\$13,659
Independent College or University	90%	\$7,807	\$16,783

Source: 2001-02 student financial aid Unit Record Report, as submitted by institutions

Sources of Financial Aid

The federal government provided the majority (68 percent) of financial aid available to needy students attending Washington colleges and universities last year. Approximately 18 percent of the financial aid awarded to needy students was provided by institutions, private donors, and other organizations. State funding provided about 13 percent of the total aid available.

Although state-appropriated funds represent only 13 percent of the total aid available, the state has leveraged its effectiveness by establishing programs that complement the larger federal financial aid programs. For example, federal student loans are widely available, while federal support for grant funding has declined as a percentage of all aid over the past number of years. Through its support for the State Need Grant program, Washington has helped maintain access and opportunity to higher education for the state's lowest income students, who needed the grant assistance to make their attendance possible.

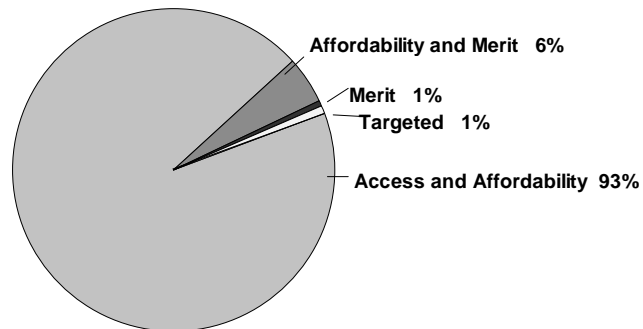
**The Federal Government Provides the Majority of Financial Aid
Available to Washington Students**
(2001-02 Academic Year)

Source			Type		
Federal	68%	\$ 709 M	Grants	44%	\$ 454 M
State	13%	\$ 140 M	Work Study	4%	\$ 41 M
Institutions/Other	18%	\$ 189 M	Loans	52%	\$ 543 M
Total		\$1.038 B			\$1.038 B

Goals of State Aid Programs

The state supports a variety of financial aid programs that serve multiple public purposes. While some state programs recognize and reward academic merit, and others are designed for targeted populations or respond to specific workforce needs, almost all state-funded financial aid is provided for individuals who could not otherwise afford to attend. Some state programs serve multiple purposes.²

Public Purposes Achieved by State-Appropriated Student Financial Aid



How is Washington Doing?

State policymakers can take pride in their longstanding and consistent support of financial aid programs, which have made college possible for thousands of students. However, the challenges of enrollment pressures, a growing population of needy high school graduates, and an adult population in need of job training and retraining – in the face of unprecedented funding constraints – call for a renewed commitment to higher education opportunity for academically-prepared, low-income individuals.

By some measures, Washington's commitment to college affordability is doing well. Other measures, however, indicate that needy students are losing ground.

² *Affordability and Merit*: Washington Promise Scholarship

Merit: Washington Scholars, Washington Award for Vocational Excellence

Targeted: Health Professional Conditional Scholarship and Loan Repayment, Western Interstate Commission for Higher Education (WICHE) Professional Student Exchange programs

Access and Affordability: State Need Grant, State Work Study, Educational Opportunity Grant

Where We are Doing Well

- **Washington’s statutory language linking tuition increases to the need for added funding for state-appropriated financial aid is uncommon.** While some states attempt to meet student need, they do not have such a policy connection stated in law. In Washington, during years of budget pressures and significant tuition increases, student aid programs have grown more than they might have without such statutory language.
- **Washington’s State Work Study program is a model for other states.** Among the 16 states with work study programs, Washington’s is the largest. Its focus on education-related jobs, inclusion of work opportunities in the for-profit sector, and requirement that students be paid wages comparable to those of other workers performing similar duties, make it unique.
- **Washington has retained its focus on promoting access, opportunity and affordability.** Although the state has established some targeted and merit-based aid programs, its emphasis has remained on programs that provide access, opportunity, and affordability for those who could not otherwise pursue a college education. This clear and sustained focus has provided stability in the face of budget constraints and competing state priorities.

Where We Need to Improve

Washington’s needy students are losing ground.

- **State Need Grant funding has failed to keep pace with tuition increases and student need.** Appropriations to the State Need Grant program for FY 03 provided additional funds to cover only 70 percent of this year’s tuition increase. In addition, although state funding once allowed the Board to serve students with family incomes up to 65 percent of the state’s median family income, current appropriations limit service to students with family incomes of 55 percent or less. Even at that lower income cut-off, last year about 3000 eligible students were not awarded. Had funding been available to provide grants to students with incomes between 55 and 65 percent median family income, approximately 4000 additional students would have qualified.
- **Promise Scholarship awards have continued to decline.** State statute establishes the maximum Promise Scholarship award at the amount of tuition charged by community colleges. Scholarship amounts, in dollars, and as a percent of tuition, have declined in each of the last three years. Current appropriations limit scholarships to 48 percent of the maximum award.
- **State Work Study program must turn away students.** Increases in funding for the State Work Study program have been minimal and sporadic. Many students who would choose to work in a work study job must, instead, borrow heavily to pay for college expenses.

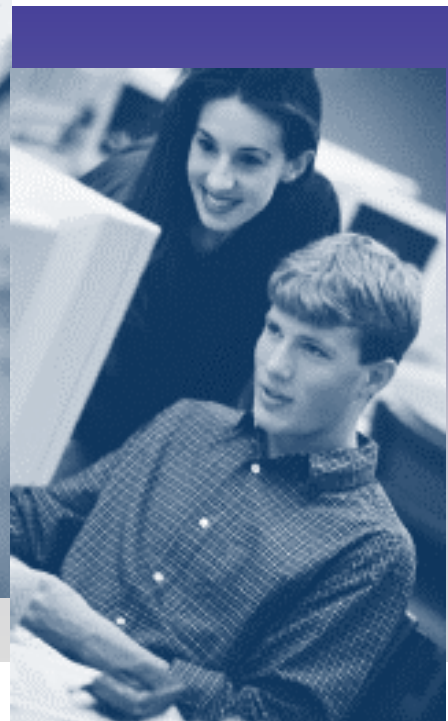
Emerging Financial Aid Issues and Considerations

These growing needs and pressures present many issues for the Board's consideration.

- **What should be the state's priority in funding financial aid programs?** (Opportunity/access; merit; targeted needs and/or populations, etc.)
- **Who should state financial aid programs serve?** (Lowest income; middle income; undergraduates; students in specified academic programs, etc.)
- **Should students and their families be expected to pay for a specified proportion of the price of attending college?** Should state grants, combined with other grant aid be limited to a specified proportion of the student's expenses? What should the pay? Etc.
- **Should the Board reaffirm its service population and grant amount goals for the State Need Grant and other state grant and scholarship programs?** (Is 65% median family income an adequate service goal? Should grant amounts be equivalent to public tuition? What should be the service population and grant amount goals for other state programs? Etc.)
- **What priority should be given to programs that recognize and reward high school academic achievement?** (Should eligibility for merit programs be expanded? Should other programs incorporate a merit component, or should initial eligibility for programs featuring access and opportunity be based on financial need alone? How would greater emphasis on high school achievement impact nontraditional students? Etc.)

Tuition and Financial Aid

2004 HECB Master Plan - Beginning Discussion



Board Meeting Presentation
February 26, 2003

W A S H I N G T O N
H I G H E R
EDUCATION
C O O R D I N A T I N G B O A R D

Discussion Paper for the 2004 Master Plan: Tuition and Financial Aid

- Board policy on tuition and financial aid
- Measures to assess the outcomes of these policies
- Link between tuition policy and financial aid
- Emerging financial aid issues and considerations

HECB Tuition Policy

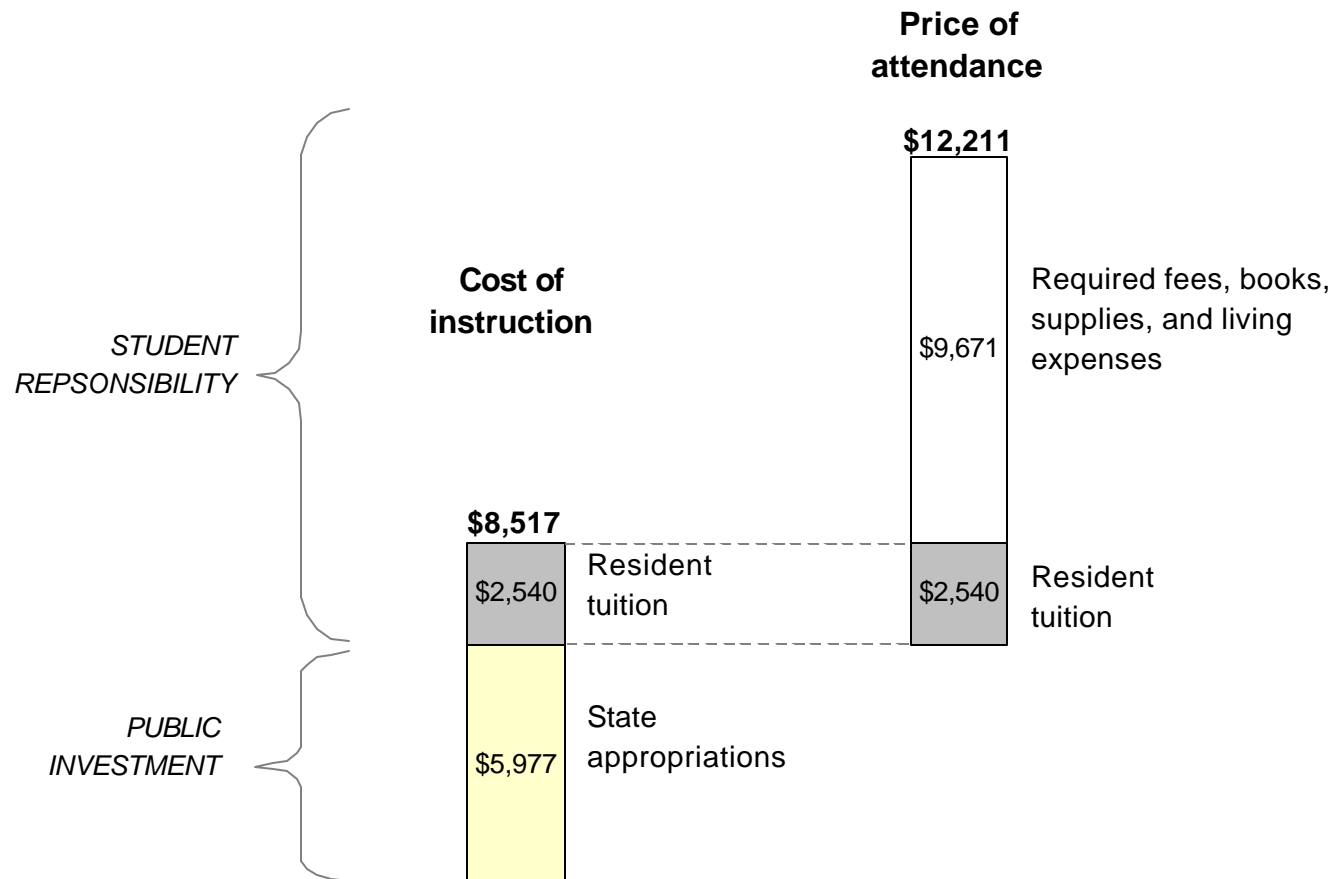
Resolution 02-01, adopted January 24, 2002, calls for institutional authority to set tuition, based on certain actions by the state and institutions.

The actions called for relate to six topics:

- Affordable and Predictable Tuition
- Financial Aid Increases Compared to Tuition Increases
- State Funding
- Enrollment Pressures
- Efficiency and Effectiveness
- Demographics and Socioeconomic Composition of the Student Body

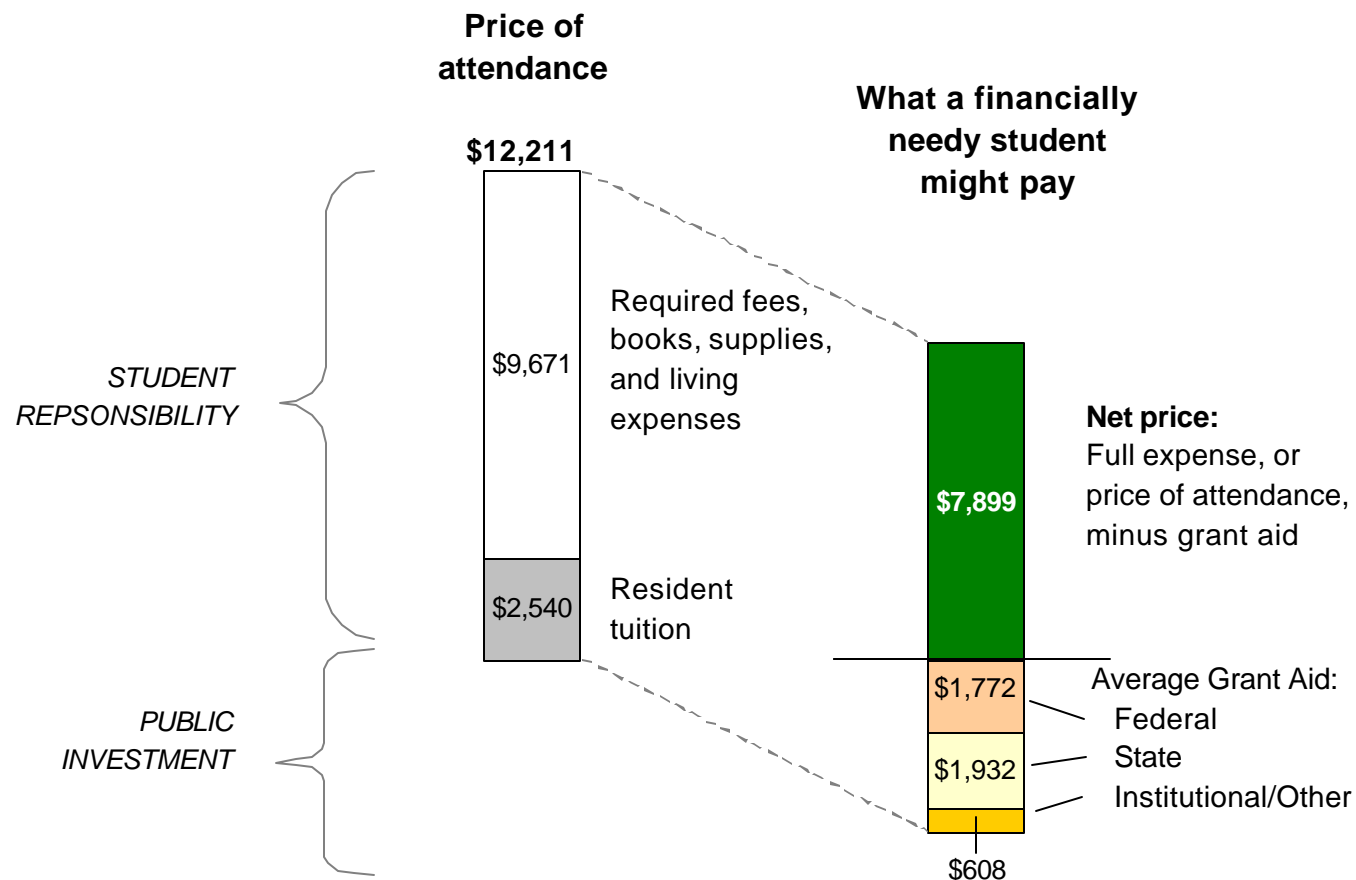
Affordable & Predictable Tuition

Tuition Influences the State's Investment in Higher Education and the Price Students Must Pay to Attend



Affordable & Predictable Tuition

Financial Aid Helps Needy Students Meet the Full Price of Higher Education



Affordable & Predictable Tuition

**A Full-time Student With No Other Resources
Would Have to Work More Than Full Time, All Year,
or Earn Much More Than the Minimum Wage
to Pay for College Costs by Working**

	Hours of Work per Week at Min. Wage	Hourly Pay Rate Required
Community/Tech. College	41	\$10.59
Public Comp. University	45	\$11.63
Public Research University	49	\$12.42
Indep. College or University	89	\$22.86

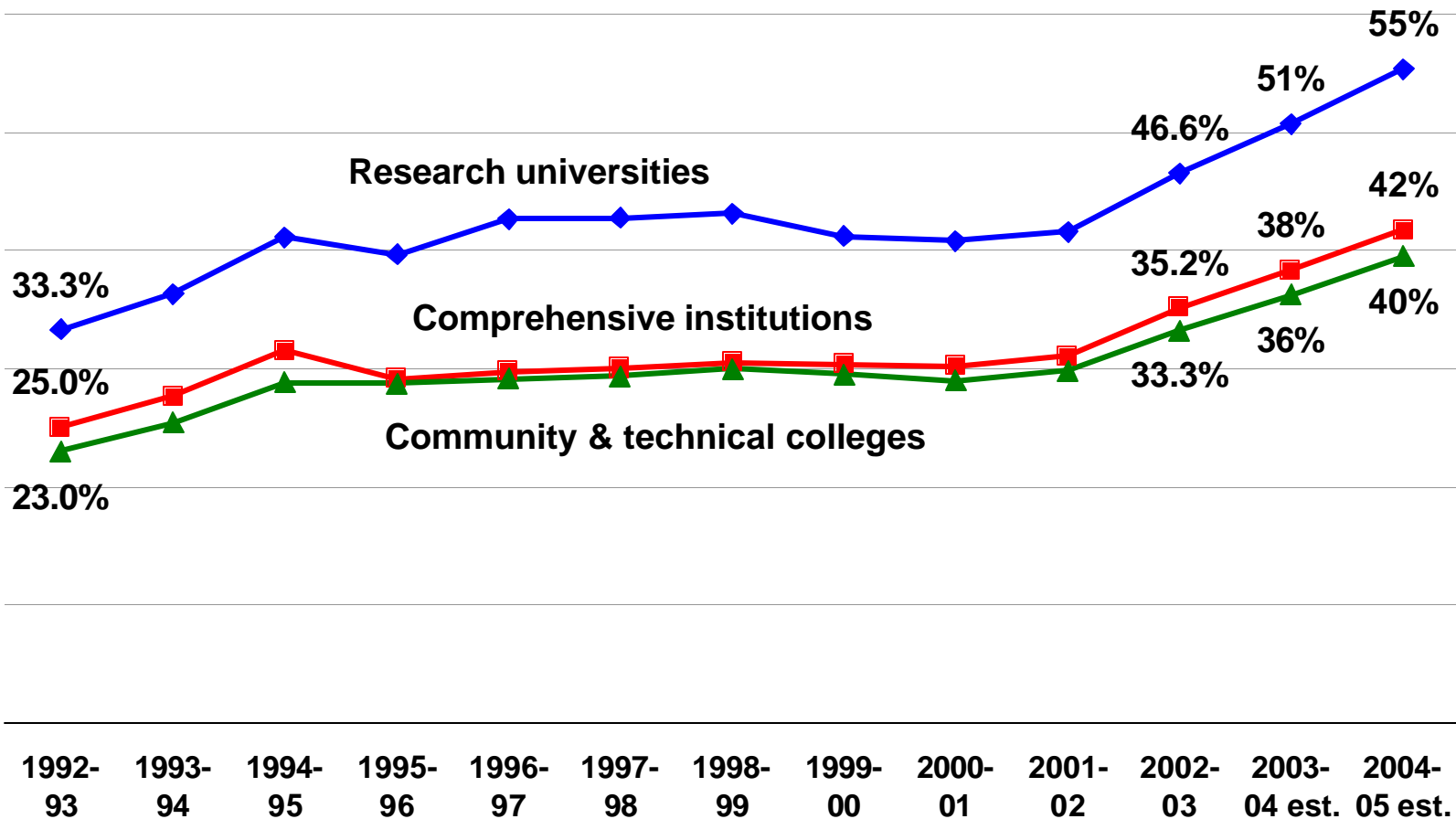
Affordable & Predictable Tuition

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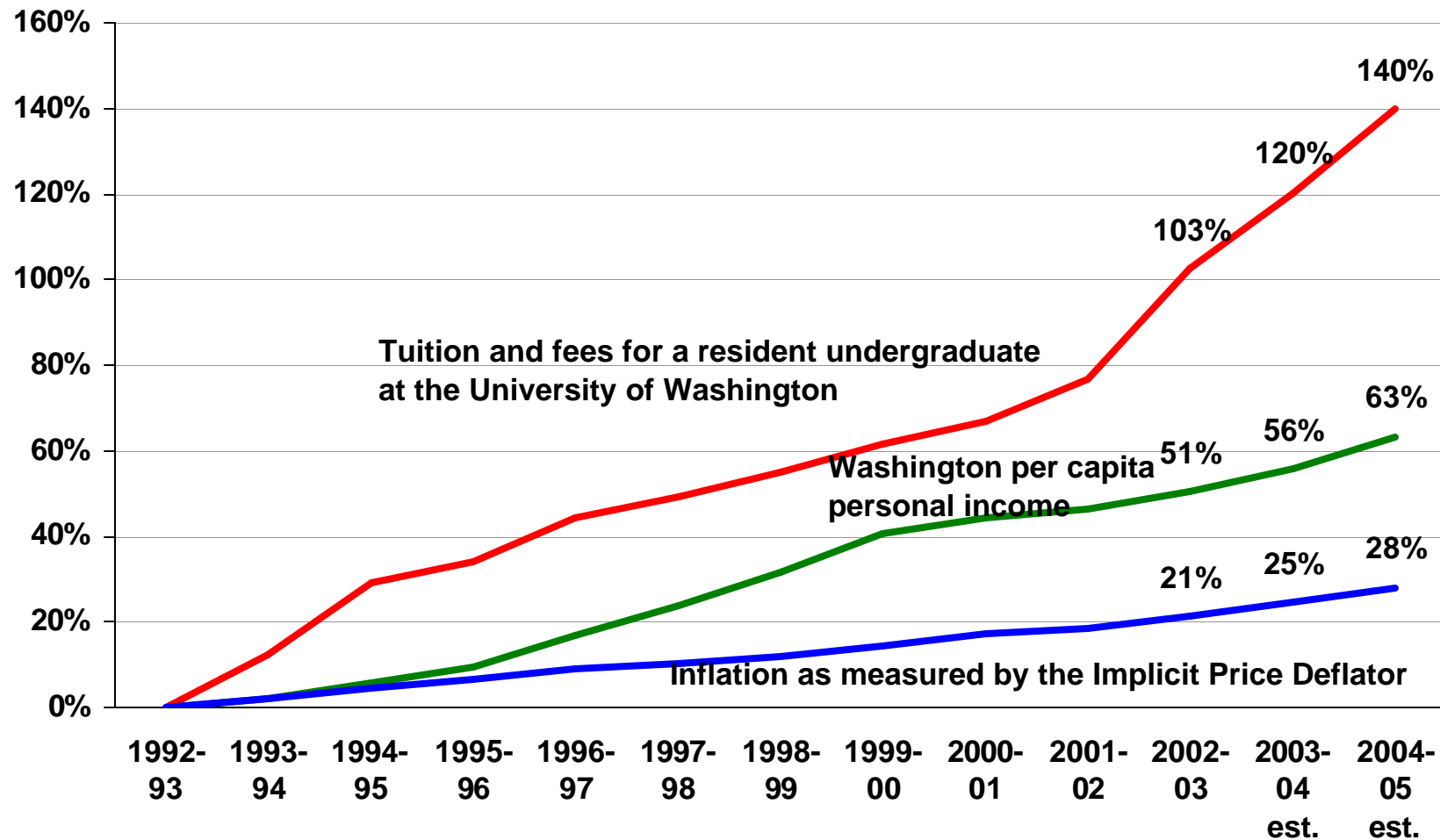
Affordable & Predictable Tuition *possible measure*

**Resident Undergraduate Tuition (operating & building fees)
As a Percentage of Undergraduate Instructional Costs**



Affordable & Predictable Tuition *possible measure*

Cummulative percentage change



Financial Aid Compared to Tuition Increases

Washington Has a Longstanding Commitment to Support of Financial Aid

- **“Financial need [should] not be a barrier to participation in higher education.”**

RCW 28B.10.786

- **“It is the intent of the legislature that needy students not be deprived of access to higher education due to increases in educational costs or consequent increases in tuition and fees.”**

RCW 28B.15.065

Financial Aid Compared to Tuition Increases

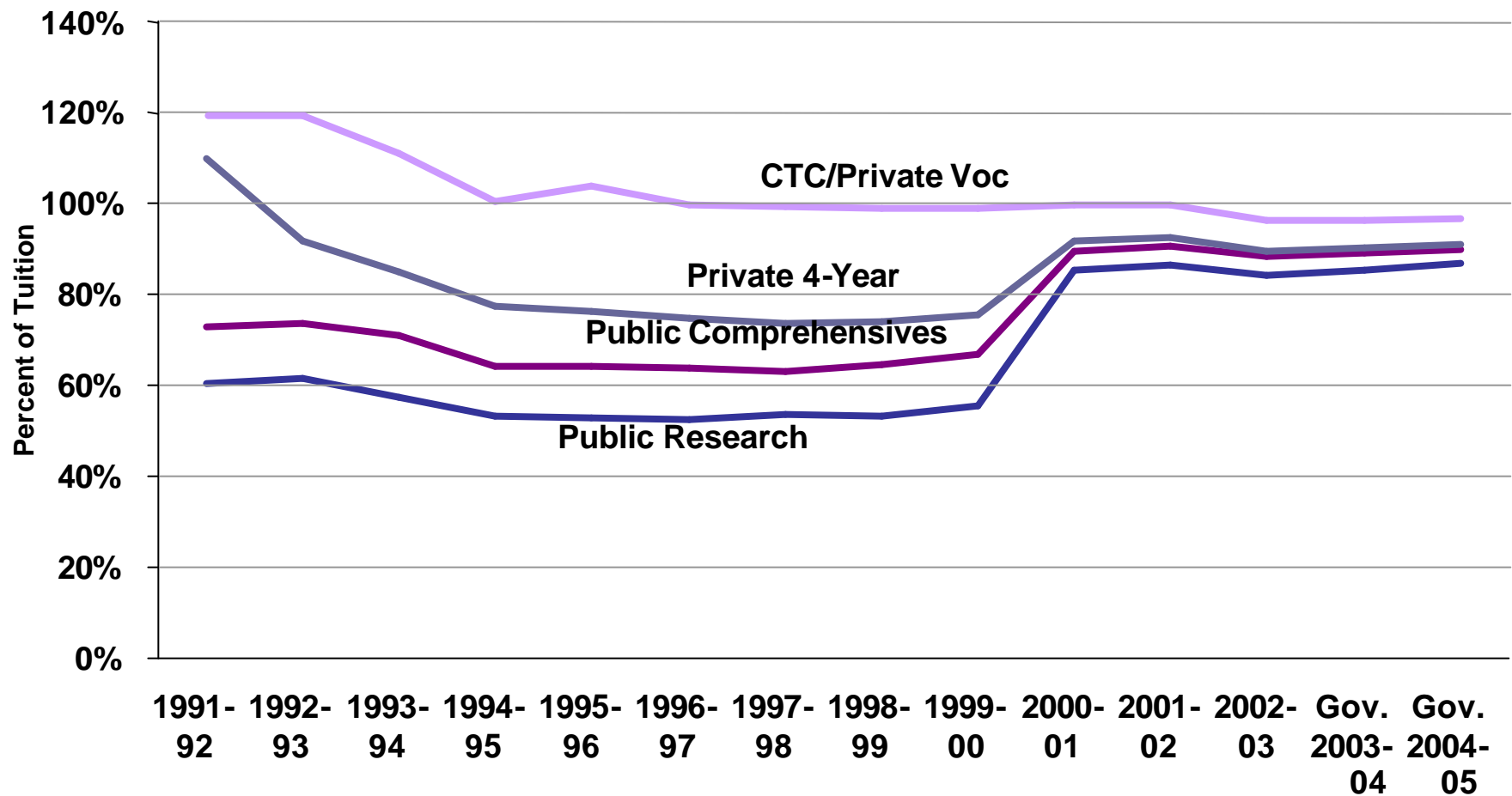
Current Board Financial Aid Policy

The Board remains committed to:

- Providing State Need Grants equal to full public tuition to students with family incomes up to 65% of state median income
- Providing Promise Scholarships equal to full community and technical college tuition
- Supporting the variety of state financial aid programs and the multiple public purposes they serve

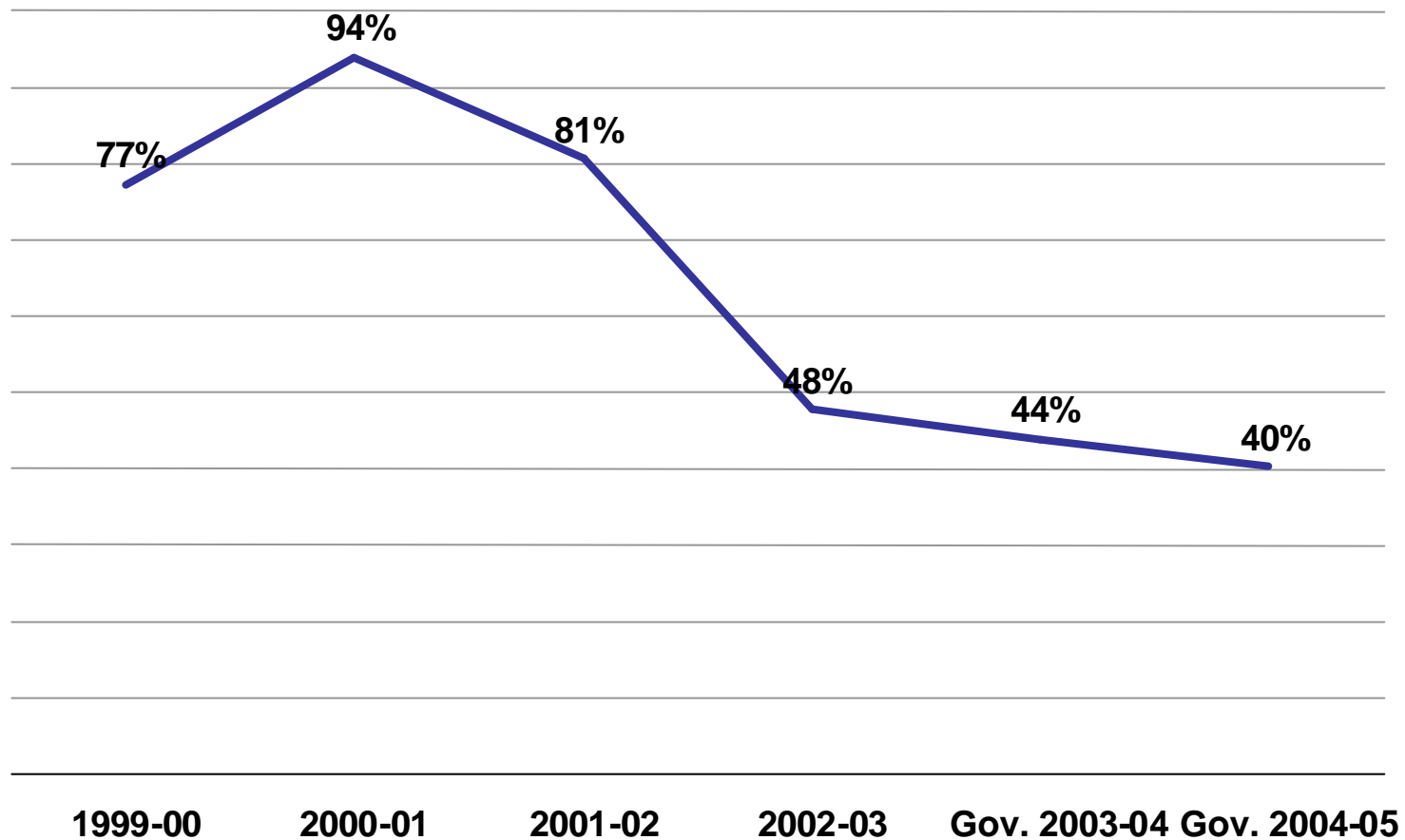
Financial Aid Increases Compared to Tuition Increases *possible measure*

State Need Grant as a Percent of Resident Undergraduate Tuition by Sector 1991-92 through 2004-05



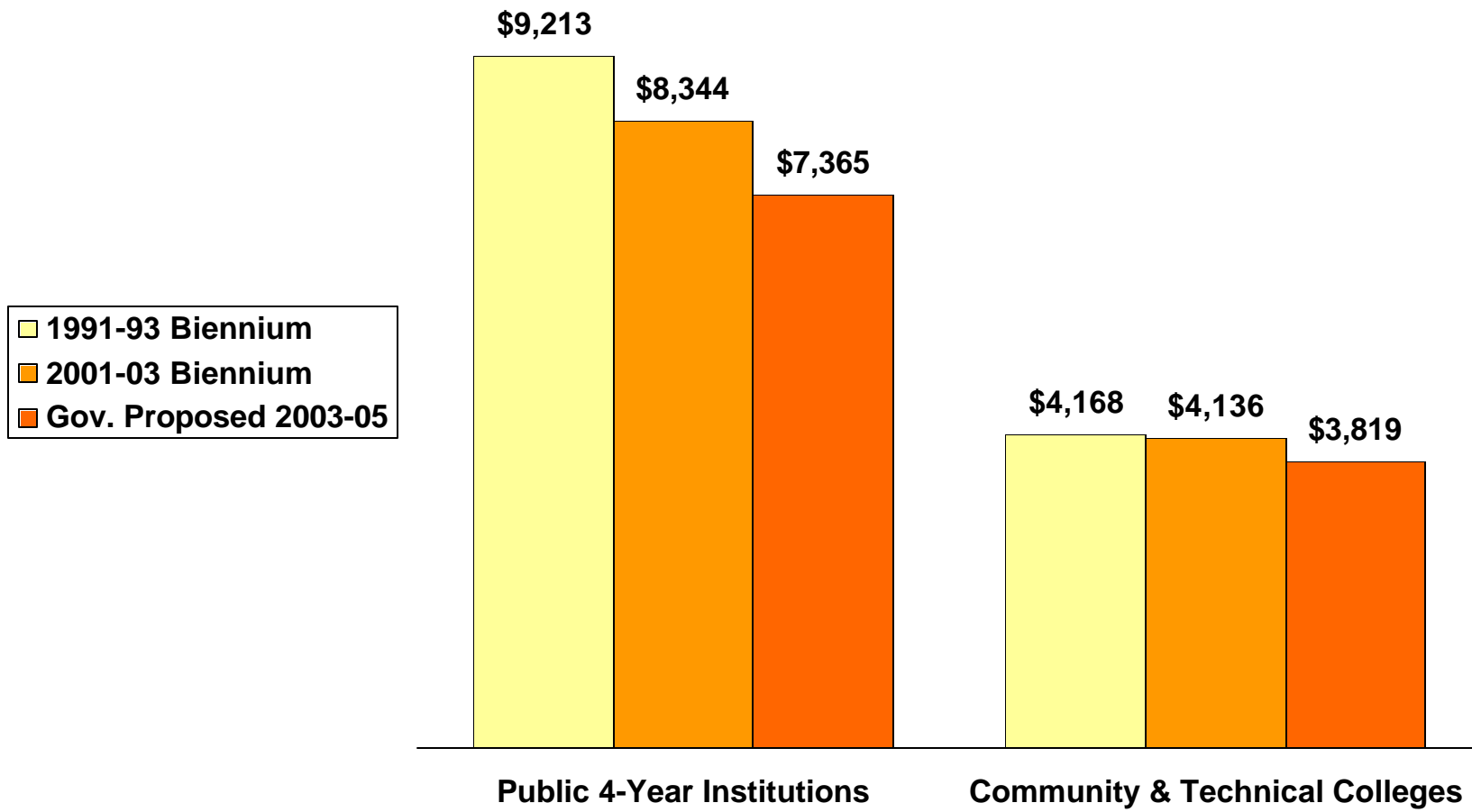
Financial Aid Increases Compared to Tuition Increases
possible measure

Promise Scholarship as a Percent of Community College Tuition



State Funding *possible measure*

State General Fund Appropriations per Budgeted FTE Student Adjusted for Inflation (2001-03 dollars)



Efficiency and Effectiveness
possible measure

Monitoring Existing Accountability Measures

- Graduation efficiency (freshmen)
- Graduation efficiency (transfers)
- Undergraduate retention
- Five-year freshman graduation rate
- Faculty productivity (which can be measured differently by each institution)
- A unique measure for each institution, reflective of its mission

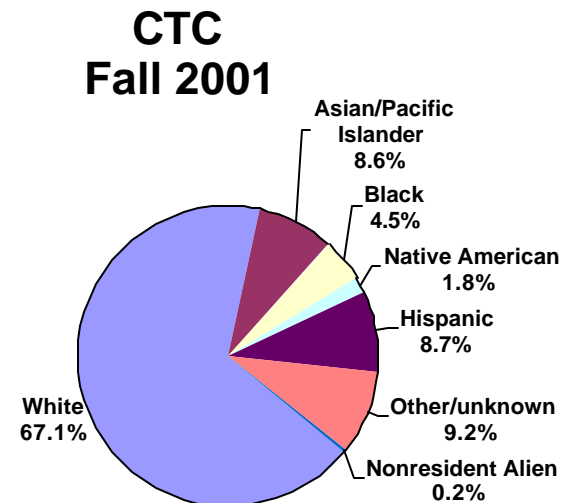
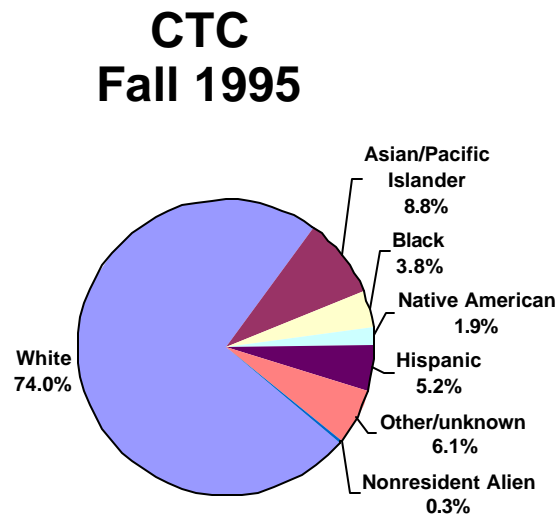
Efficiency and Effectiveness

Coordinating and Expanding the Collection of Student Performance Data

- If Washington is to effectively evaluate the effectiveness and efficiency of its public colleges and universities, access to student performance data must be improved.
- Currently data are collected by multiple agencies and not easily accessed for analysis.
- Existing data collection should be leveraged to the degree possible, expanded where necessary and easily accessible for analysis.

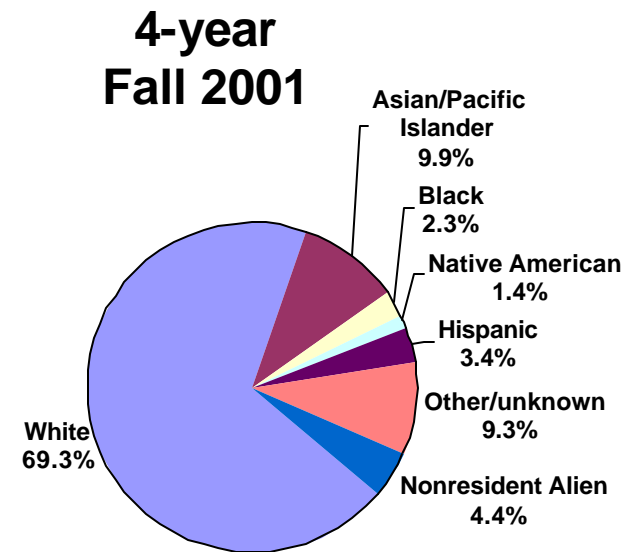
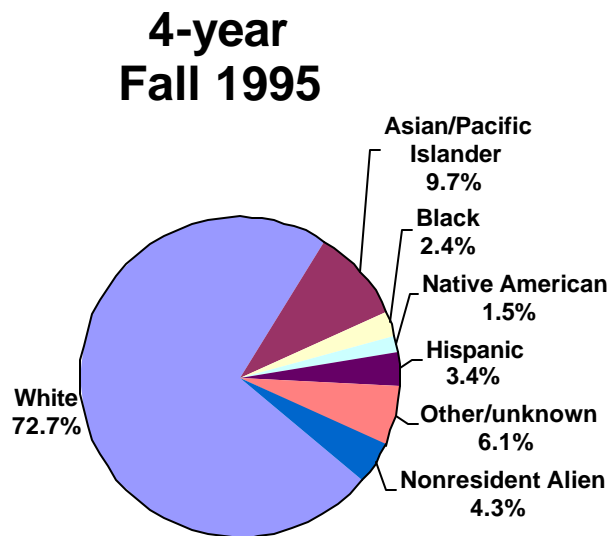
Demographics and Socioeconomic Composition of the Student Body *possible measure*

Reviewing the Race/Ethnicity Mix of the Student Body Over Time



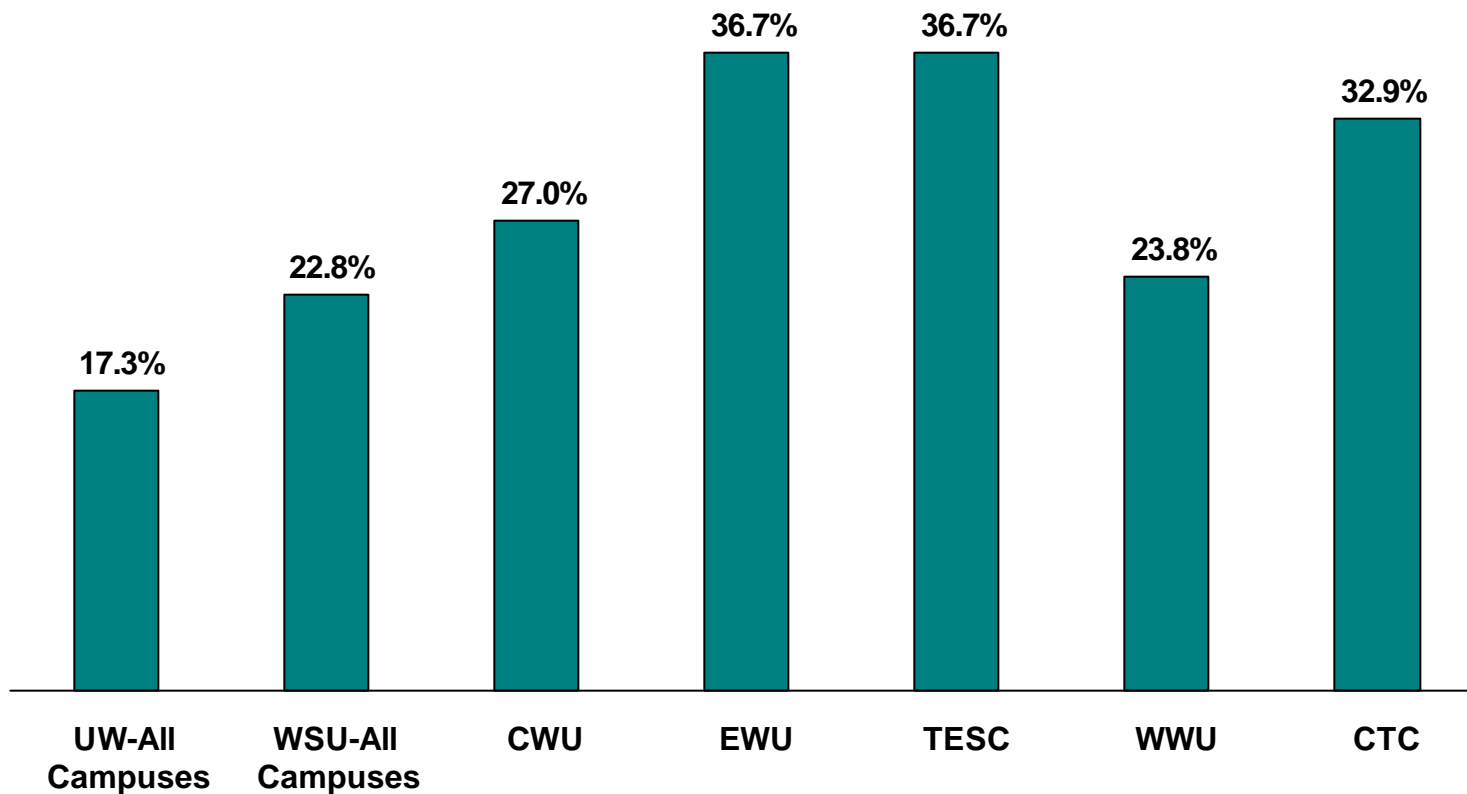
Demographics and Socioeconomic Composition of the Student Body *possible measure*

Reviewing the Race/Ethnicity Mix of the Student Body Over Time



Demographics and Socioeconomic Composition
of the Student Body
possible measure

Pell Grant Recipients as a % of FTE Students 2001-02



Next Steps

HECB Financial Aid Committee to Discuss Emerging Issues:

- What should be the state's priority in funding financial aid programs?
- Who should state financial aid programs serve?
- Should students and their families be expected to pay for a specified proportion of the price of attending college?
- Should the Board reaffirm its service population and grant amount goals for the State Need Grant and other state grant and scholarship programs?
- What priority should be given to programs that recognize and reward high school academic achievement?

Next Steps

HECB Staff to Continue Work With State Need Grant Work Group to Review Program Issues

- State Need Grant awards tied to tuition
- Consideration of summer quarter in determining institution allocations
- Limit of one associate degree within five years
- Limit to 125% program length
- Effect of changes in community and technical college tuition policy on Need Grant amounts
- Grant amount limitations at private career schools

Next Steps

- Board to hold a discussion with stakeholders at March 26 meeting on the topics of tuition and financial aid